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Alcohol

Permit procedure relating
to industrial alcohol...

Washington

1931

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PERMIT PROCEDURE
RELATING TO
INDUSTRIAL ALCOHOL
AND OTHER
NONBEVERAGE LIQUORS



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Box 335

A Factual Outline

U. S. TREASURY DEPARTMENT
BUREAU OF INDUSTRIAL ALCOHOL
WASHINGTON, D. C.

U. S. TREASURY DEPARTMENT

ANDREW W. MELLON, Secretary

BUREAU OF INDUSTRIAL ALCOHOL

JAMES M. DORAN, Commissioner

PERMIT PROCEDURE

RELATING TO

INDUSTRIAL ALCOHOL

AND OTHER

NONBEVERAGE LIQUORS



A Factual Outline

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1931

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PREFACE

The purpose of this publication is to set forth in concise form essential facts relating to the procedure governing permits followed by the Bureau of Industrial Alcohol.

Numerous inquiries that reach the bureau in Washington and the offices of supervisors of permits in charge of the 12 regional districts throughout the United States reflect a general need for information on this subject.

This factual outline is designed to be a helpful guide to interested individuals, firms, and corporations whose business problems and commercial or professional operations necessarily bring them in contact with the bureau at Washington or its regional offices of supervisors of permits throughout the United States.

PERMIT PROCEDURE

Introduction

The Bureau of Industrial Alcohol was established on July 1, 1930, as an individual bureau in the Treasury Department. In accordance with the provisions of the prohibition reorganization act of 1930, the bureau, as created, was entirely separated from prohibition enforcement.

The bureau's functions relate primarily to permit problems. The bureau exercises control and supervision over the production, storage, transfer, withdrawal, importation, exportation, distribution, sale, and use of pure or denatured alcohol, distilled spirits, wine, and cereal beverages for lawful uses.

Business transactions or operations involving permitted liquors are authorized by the Government only after the issuance of permits. Following the granting of permits, certain transactions that are specified are carried on under strict Government supervision.

The Bureau of Industrial Alcohol, in the issuance and control of permits, deals with an essentially business, scientific, and technical problem.

The law specified that industry should have an "ample" supply of alcohol for lawful uses.

Administrative officials are charged with the duty to place the nonbeverage alcohol industry and other industries using alcohol as a chemical raw material, or for other lawful purposes, upon the highest possible plane

of scientific and commercial efficiency consistent with the interests of the Government.

Thus, it has been necessary to build up a permissive organization well equipped to meet the needs of public business and at the same time fully safeguard the interests of the Government to insure that alcohol and other nonbeverage liquors are restricted to legitimate uses.

The scope of control and supervision under the permissive system may be realized from the fact that there are in force approximately 177,000 permits of different classes. More than 5,000 manufacturers hold industrial alcohol permits and have an aggregate output of necessary lawful products valued at several billion dollars a year.

Supervisors of Permits

In order to facilitate the expeditious handling of public business, the Bureau of Industrial Alcohol maintains a decentralized system of permit control, through its district field offices. Thus, the bureau is made more accessible to business and industry at convenient locations throughout the country.

Coincident with the establishment of the bureau on July 1, 1930, the Commissioner of Industrial Alcohol created 12 permissive districts throughout the United States. A supervisor of permits was appointed to be in charge of each of these districts.

The business of individuals, firms, or corporations holding permits, or of those who may seek to obtain permits, must be transacted through the supervisor of permits, in charge of the territory in which their business is located.

Communications relating to permit matters are sent directly to the "Supervisor of Permits, Bureau of In-

dustrial Alcohol," at the headquarters of the district in which the applicant has his place of business.

Following are listed the 12 field districts, the States included in the respective districts, and the cities in which supervisors of permits maintain their headquarters:

Districts

Districts	Territory	Headquarters and branch offices
1	Maine..... Vermont..... New Hampshire..... Massachusetts..... Connecticut..... Rhode Island.....	Boston, Mass., 261 Franklin Street.
2	New York..... Porto Rico.....	New York, N. Y., 641 Washington Street. Branch office: San Juan, Porto Rico.
3	Pennsylvania..... New Jersey..... Delaware.....	Philadelphia, Pa., Gimbel Building, 35 South Ninth Street.
4	Maryland..... West Virginia..... Virginia..... North Carolina..... South Carolina..... District of Columbia.....	Richmond, Va., Room 1008, Grace Securities Building, Third and Grace Streets. Baltimore, Md., Fort McHenry.
5	Georgia..... Florida..... Alabama..... Mississippi..... Louisiana..... Texas.....	New Orleans, La., Customhouse.
6	Michigan..... Ohio..... Kentucky..... Tennessee.....	Cincinnati, Ohio, Enquirer Building. Branch offices: Detroit, Mich., Barlum Tower. Louisville, Ky., Federal Building. Cleveland, Ohio, Arcade Building.

Districts—Continued

Districts	Territory	Headquarters and branch offices
7	Wisconsin..... Illinois..... Indiana.....	Chicago, Ill., Transportation Building.
8	North Dakota..... South Dakota..... Minnesota..... Nebraska..... Iowa.....	
9	Kansas..... Oklahoma..... Missouri..... Arkansas.....	Kansas City, Mo., Room 2024, Telephone Building. Branch office: St. Louis, Mo., Title Guaranty Building.
10	Wyoming..... Utah..... Colorado..... Arizona..... New Mexico.....	
11	California..... Nevada..... Hawaii.....	San Francisco, Calif., 200 Bush Street Building. Branch offices: Los Angeles, Calif., Brownstein- Louis Building. Honolulu, Hawaii, Federal Building.
12	Washington..... Oregon..... Montana..... Idaho.....	
		Seattle, Wash., Thompson Building.

Basic Permits

A basic permit issued to an individual, firm, or corporation authorizes business transactions or operations of the nature described in the permit.

After the issuance of a basic permit, it may be modified, amended, supplemented, extended, or renewed upon

proper application therefor by the supervisor of permits of the district in which the place of business described in the application is situated.

The granting of a basic permit authorizing specific acts confers certain additional rights and privileges, including the following:

1. A permit to manufacture intoxicating liquor confers upon the manufacturer the right also to possess and to sell, barter, deliver, and furnish the liquor manufactured under authority of such permit to those persons having a permit to purchase.

2. A permit to sell or use liquor also confers the right to procure and possess such liquor in the manner and for the purposes authorized in the permit, as well as the right to barter, furnish, or deliver liquor, with or without sale, to persons presenting permits to purchase.

3. A permit to transport liquor confers the right to possess and deliver the liquor transported or to be transported.

4. A permit to prescribe liquor confers the authority to prescribe liquor in accordance with the provisions of the national prohibition act, as amended and supplemented, and regulations issued pursuant thereto.

5. A permit to sell may be combined with a permit to import, export, or use.

A permittee holding a permit to manufacture, use, or dispense intoxicating liquor must, in order to obtain such liquor, secure a 90-day permit to purchase. Permits to purchase liquors for any other purpose are invalid after 30 days from date of issue.

Permits to purchase are not issued for the purchase of liquors in excess of the amount authorized in a basic permit.

Basic permits to wholesale druggists and agencies of industrial alcohol plants to procure or dispose of tax-

paid industrial alcohol in original stamped packages only will not be issued to persons holding basic permits to sell liquor of any description other than alcohol. A basic permit granted under these conditions would open the doors to diversion.

Permit Requirements

PERMITS REQUIRED BY.—All persons desiring to manufacture, sell, barter, transport, import, export, deliver, furnish, prescribe, purchase, possess, or use liquor.

PERMITS ARE NOT REQUIRED BY:

1. A person procuring liquor on a physician's prescription.
2. A rabbi, minister of the gospel, priest, or official duly authorized for the purpose by a church or congregation to procure or furnish wines for sacramental purposes or like religious rites for the use of such church or congregation.
3. A person to whom wines are furnished by such rabbi, minister of the gospel, priest, or official for sacramental purposes or like religious rites.
4. The holder of a warehouse certificate for spirits which are not tax-paid on deposit in a Government bonded warehouse, to cover the purchase, sale, or possession of such certificate.
5. Dealers in completely denatured alcohol.

PERMITS ARE ISSUED BY:

1. Commissioner of Industrial Alcohol.
2. Supervisor of permits of the permissive district in which the place of business described in application is situated.

PERMITS ISSUED BY COMMISSIONER.—To withdraw alcohol free of tax for use of the United States.

PERMITS ISSUED BY SUPERVISOR.—All permits except the class issued by the commissioner.

APPLICATIONS FOR PERMITS ARE APPROVED:

1. By supervisor of permits, in all cases.
2. By the commissioner and supervisor, in some cases.
3. By the Prohibition Administrator, of any application coming under 1 and 2, if he so requests.

DURATION OF PERMITS:

1. One year.
2. Ninety days.
3. Thirty days.

Permits for one year, issued after August 31 of any year, extend to December 31 of the following year.

PURPOSES OF PERMITS:

1. Permits are issued for one year to manufacture, furnish, sell, or transport liquor.
2. Permits are issued for 90 days to purchase liquor for manufacturing or selling.
3. Permits are issued for 30 days to purchase liquor for any other purpose.

Prior to December 31, 1928, certain permits were issued for an indefinite period and are still in force. However, the continuing character of such permits may be waived by the permittee and an annually renewing permit accepted.

Classification of Permits

1. Section 216, Regulations 2, classifies permits relating to intoxicating liquors as listed below:

A. Permits to manufacture and permits to receive in bond, possess, store, tax-pay, bottle, and deliver liquor produced by such permittee or his predecessor in business and stored in Government bonded warehouse, and permits to sell issued to such producer or his successor,

under circumstances whereby the permittee would be considered the "manufacturer" of such spirits, pursuant to the definition in section 1501-a.

NOTE.—The "A" classification includes selling agencies of alcohol plants.

- B. Permits to sell at wholesale.
- C. Permits to transport.
- D. Permits to import and use.
- E. Permits to import and sell.
- F. Permits to export alcohol to places other than Canada, Mexico, the West Indies, and other near-by islands.
- G. Permits to export liquor other than alcohol to any place, and alcohol to Canada, Mexico, and the West Indies, and other near-by islands.
- H. Permits to use except those in classes J, Q, S, and T.
- I. Permits to retail druggists or pharmacists to use and sell.
- J. Permits to physicians.
- K. Permits to manufacture preserved sweet cider or vinegar and to produce and procure intoxicating liquor for conversion into vinegar.
- L. Permits to manufacture cereal beverages, or dealcoholized wine or to develop in the course of such manufacture liquids containing one-half of 1 per cent or more of alcohol by volume, dealcoholizing plants, fruit-brandy distilleries, industrial alcohol plants, or vinegar plants using the vaporizing process.
- M. Permits to sell flavoring extracts, sirups, or beverages containing less than one-half of 1 per cent of alcohol by volume in which such extracts or sirups are used as an ingredient.
- N. Permits to procure alcoholic preparations, such as rubbing alcohol, in quantities exceeding 1 pint.

O. Permits to blend straight whiskies, or to reduce in proof, or to perform acts of rectification.

P. Permits to operate a concentration warehouse for distilled spirits in bond and a tax-paid warehouse in conjunction therewith.

Q. Permits to hospitals, sanatoriums, first-aid stations, dispensaries, infirmaries, clinics, and visiting nurses' associations to use.

R. Permits to manufacture yeast as a primary industry.

S. Permits authorizing use of wine for ritualistic purposes.

T. Permits to dentists, veterinarians, optometrists, osteopaths, chiropractors, chiroprodists, spineologists to use alcohol and to dentists to administer liquor.

SPECIAL PERMITS may be issued to authorize any lawful act or acts appropriate and desirable in connection with specific liquor described therein.

2. Permits relating to industrial alcohol, as provided for in Regulations 3, which have no letter classification are:

- To operate industrial alcohol plants.
- To operate industrial alcohol bonded warehouses.
- To operate denaturing plants.
- To bonded dealers in specially denatured alcohol.
- To manufacturers to use specially denatured alcohol.
- Tax-free alcohol.

Copies of Applications Filed with Prohibition Administrators

A. Permits to manufacture and permits to receive in bond, possess, store, tax-pay, bottle, and deliver liquor produced by such permittee or his predecessor in business

and stored in Government bonded warehouse, and permits to sell issued to such producer or his successor, under circumstances whereby the permittee would be considered the "manufacturer" of such spirits.

B. Permits to sell at wholesale.

C. Permits to transport except common carriers.

H. Permits authorizing more than 200 wine gallons annually, or increases to more than that amount, for use in manufacturing.

I. Permits to retail druggists or pharmacists authorizing 200 wine gallons annually, or increases to more than that amount, for use in manufacturing, exclusive of the amount authorized for sale.

L. Manufacture of cereal beverages.

P. To operate a concentration warehouse for distilled spirits in bond and a tax-paid warehouse in conjunction therewith.

To establish an alcohol plant.

Permits for more than 90 days to operate an industrial alcohol plant and bonded warehouse or denaturing plant, or both.

EXTENSION PERMITS are granted to individual distillers or their successors whose spirits have been deposited in a concentration warehouse. Such a permit gives the distiller the right to sell spirits produced by him or his predecessor which are on deposit in the warehouse. The extension permit allows the distiller to retain his identity and is only issued when he has concentrated his whole stock in a single concentration warehouse.

Permits Approved Solely by Supervisors

Classes of permits that may be approved by supervisor without reference to administrator or commissioner:

C. To transport (common carrier only), except a non-resident.

D. To import and use.

E. To import and sell.

F. To export alcohol.

G. To export liquor other than alcohol.

H. Permits authorizing withdrawals of not more than 200 wine gallons per annum.

I. Retail druggists, permits to sell, and in addition authorizing withdrawals of not more than 200 wine gallons per annum for use in manufacturing.

J. Physicians.

K. To manufacture cider or vinegar.

M. To sell flavoring extracts, sirups, etc.

N. To procure alcoholic preparations.

O. Rectification.

Q. Hospitals, clinics, etc.

R. To manufacture yeast.

S. Ritualistic use of wine.

T. Dentists, veterinarians, etc., to use alcohol.

"Special" permits:

Permits to use specially denatured alcohol, where the quantity to be withdrawn, or increase requested, does not exceed 55 gallons per month.

Applications for Permits Approved by Supervisor 10 Days After Filing Copy with Prohibition Administrator, Unless Approved by Administrator Sooner

A. Manufacture and sale.

B. Sale at wholesale.

C. Transportation (except common carriers).

H. Authorizing over 200 wine gallons annually or increases to more than that amount, for use in manufacturing.

L. Manufacture of cereal beverages.

- P. To operate a concentration warehouse (including extension permits).
 Permits to operate industrial alcohol plants, bonded warehouses, and denaturing plants.
 Permits to deal in specially denatured alcohol.
 Permits to use specially denatured alcohol where the quantity to be withdrawn, or increase requested, exceeds 55 gallons per month.

Applications for Permits (Included in Classes Enumerated Above) Requiring Approval of the Commissioner

- To operate a distillery or distillery warehouse.
 To operate an industrial alcohol plant.
 To operate an alcohol bonded warehouse.
 To operate a denaturing plant.
 To operate a concentration warehouse.
 To reimport liquors in original packages in which exported.
 To a nonresident to transport (common carriers only).
 For tax-free alcohol.

Manufacturers using specially denatured alcohol, who file application Form 1479A.

JOINT ACTION ON APPLICATION.—When a prohibition administrator notifies a supervisor of permits of his intention to act jointly in the issuance of a permit, the permit may not be issued without the joint action of both, unless the administrator withdraws his notice of intention to act.

Steps in the Issuance of a Permit

Five major steps are involved in issuing a permit:

1. Application to supervisor for a form on which to make application for a permit and for all other necessary forms to be prepared and executed.

2. Filing with the supervisor the application for permit, together with all necessary documents required in support of such application.

3. Determination by supervisor that all required papers and documents are properly prepared and executed.

4. Inspection and investigation by the office of the supervisor, and by the office of the Prohibition Administrator when he indicates a wish to do so, to determine if the applicant is entitled to the permit.

5. Issuing permit, or disapproving application.

The regulations provide that when an application has been disapproved in part the applicant may be given an opportunity to accept, in writing, a modified permit.

When an application is disapproved, in whole or in part, the applicant may ask for a hearing before the supervisor of permits.

APPLICATION.—Upon request, the supervisor of permits furnishes the applicant for permit privileges with standard blank forms necessary in making application for the kind of permit desired. The supervisor also gives complete instructions regarding preparation.

EXAMINATION OF APPLICATION.—When an application for a permit, together with other required papers and forms, is received in the office of a supervisor of permits, a careful examination is made to determine that all papers are properly prepared and executed in accordance with the regulations.

Procedure in the examination of an application includes these two important steps:

1. A copy of application and all accompanying documents for some classes of permits is filed with the Prohibition Administrator, and in any case, when requested, a copy is filed with him. The basic permit section in the supervisor's office determines whether the application and accompanying papers are all executed in accordance

with law. Bureau files are reviewed to disclose the possible previous record of any individuals involved in the pending application. Files are examined for any names similar to those appearing in application.

2. If the supervisor requires, before inspection is made or requested, a questionnaire is sent to the applicant for additional information concerning himself and the business for which he desires a permit. Upon receipt of the returned questionnaire, if further search of files discloses no information which might require disapproval of the application, inspection is requested.

Applicant's Fitness Determined

Bureau officers, by careful inspection and investigation, seek to establish definitely these four important points:

1. Fitness of the applicant and others connected with the enterprise to carry on the business for which permit is requested.
2. Sufficiency of bond and integrity of all individuals connected with the financing of the project or those who intend to manage and operate the business.
3. Premises, plant, buildings, and apparatus to be used are in accord with regulations and are suitable for the business.
4. Adequacy of evidence offered by applicant as to the legitimate disposition of the product and the standing of those who, it is claimed, will purchase the finished product.

INSPECTION.—The permit clerk searches office files and determines whether applicant or any individual connected with the promotion, financing, or management of the enterprise has previous permit history. If so, he indicates reference to this information so that the inspector may review the record before making inspection.

The inspector visits the premises named in the application, interviews applicant, and verifies all information submitted by applicant as to personal history, qualifications, personnel, premises, equipment, and processes. He determines whether the applicant is properly equipped to carry on the business for which the permit is requested, and that all measures for safeguarding alcohol and alcoholic products are provided and properly maintained.

Adequate Plant Equipment

When the permit applied for covers any of the following classes of permit privileges, thorough inspection of buildings, storerooms, and any other property used in connection with the operation is made to determine whether the premises are suitable for carrying on the business, meet the requirements of the regulations, and safeguard the products from illegal diversion:

1. To manufacture preserved sweet cider, cider or other liquids for conversion into liquor and to sell same to a vinegar manufacturer; or to manufacture, or otherwise obtain cider, or other liquor and use in the manufacture of vinegar.
2. To sell liquors or tax-paid alcohol at wholesale or retail.
3. To deal in specially denatured alcohol.
4. To export or import liquor or alcohol.
5. To establish agencies in which to store and from which to sell liquor or sacramental wine, by manufacturers of liquor or importers of sacramental wine.
6. To use liquor or alcohol in manufacturing.
7. To use specially denatured alcohol.
8. To use tax-free alcohol by States, hospitals, etc.
9. To administer liquor or alcohol to patients.

Control of Transactions

The Bureau of Industrial Alcohol controls all transactions under an active permit.

Control procedure covering distilled spirits embraces rigid supervision over the production, warehousing, bottling, denaturation, transfer, and withdrawal of spirits.

Major phases of this procedure are:

1. Supervision of the plant and operations by Government officers (storekeeper-gaugers) permanently stationed at the plant. Government officers supervise all transactions, starting from the receipt of material on the premises through mashing, fermentation or distillation, storage, bottling, denaturation, transfer, and withdrawal. Government officers carry all keys necessary to safeguard the spirits and record the details of all operations on specified forms, one copy of which is kept on file at the distillery premises, a second copy is forwarded to the district supervisor of permits, and a third copy is forwarded to the Commissioner of Industrial Alcohol.

2. Periodical inspection of plant, premises, equipment, and all operations, audit of records of production, storage, bottling, denaturation, transfer and withdrawal, and check of same against actual inventories. Determination is made whether premises, apparatus, equipment, and measures of protection are maintained as were originally approved. These inspections are made by permit and plant inspectors assigned to the district offices.

3. General inspection by specially qualified field inspectors operating under the direction of the Commissioner of Industrial Alcohol at Washington. These inspections are made to determine full compliance with all technical requirements of the laws and regulations. Special investigations of suspected irregularities arising out

of unusual conditions are conducted. Supervision of storekeeper-gaugers and warehouse watchmen in the proper performance of their various duties is also constantly maintained.

4. Examination and audit in the district supervisors' offices to determine the mathematical accuracy of accounts and returns rendered by proprietors of distilleries, warehouses, denaturing plants, and other plants. The reports of Government officers assigned to such plants are carefully examined.

5. Accurate preparation of the various forms involved in the supervisor's accounts of spirits in bond, covering the transactions of all distilleries, warehouses, denaturing plants, etc., within the district and which are regularly rendered by the supervisor of permits to the Commissioner of Industrial Alcohol.

6. Audit, analyses, and administrative examination at Washington by the bonded accounts section of the technical division, of all accounts and returns including those relating to interdistrict shipments, tax liability, and assessment.

7. The bureau, in its administrative examination, seeks to determine that all transactions are bona fide and in full accordance with governing laws and regulations. It must be clearly established that all withdrawals are made subsequent to lawful permits, are protected by sufficient and valid bonds, and that full and adequate taxes have been assessed.

Inspection Prevents Irregularities

Control over active permits granting privileges other than those concerning the production and storage of industrial alcohol and distilled spirits, is exercised by the bureau through its inspection service.

Periodical inspections are ordinarily made by inspectors assigned to the offices of supervisors, though in some instances inspections also may be made by officers operating under the direction of the Commissioner of Industrial Alcohol.

The procedure is designed to determine that—

1. All persons connected with the business are conforming to the terms and conditions set forth in permit.
2. Safe and secure places of storage for all liquors and alcoholic products are provided.
3. Proper files and records are kept and required reports submitted.
4. Records and reports are accurate.

5. Liquors and alcoholic products moving from producer or seller to consumer are in accord with the law.

When inspection discloses apparent irregularities, an investigation is conducted to determine whether a citation should be issued for revocation of permit.

Major Plant Operations

Inspection of premises, buildings, storerooms, apparatus, and all other property involved in applications for the following permit privileges, is especially rigid:

1. Whisky, rum, or brandy distilleries and distillery warehouses.
2. Bonded winery and bonded storeroom.
3. Industrial alcohol plant, bonded warehouse, or denaturing plant.
4. Manufacturer of preserved sweet cider or vinegar; and to produce and procure intoxicating liquor for conversion into vinegar.
5. Manufacturer of cereal beverages or dealcoholized wine; or to develop in the course of such manufacture liquids containing one-half of 1 per cent or more of

alcohol by volume, by dealcoholizing plants; fruit-brandy distilleries, industrial alcohol plants, or vinegar plants using the vaporizing process.

6. Concentration warehouses.

7. Manufacturer of yeast (as a primary industry).

8. To sell at wholesale and retail.

9. Manufacturers of alcoholic preparations; users of specially denatured alcohol, and dealers in specially denatured alcohol.

10. Hospitals, laboratories, and scientific institutions using tax-free alcohol.

11. Transportation.

INVESTIGATION.—The inspector investigates the source of funds available to promote the enterprise. The integrity of the applicant and all persons connected with promotion, financing, and management is also the subject of searching inquiry.

The bureau's investigation is designed to develop clearly these vital points:

1. The applicant's reasons for going into the business for which permit is desired.
2. The applicant's explanation of the market for his product.
3. The standing of those who, it is claimed, will purchase the applicant's product and whether or not they are financially interested in the enterprise.
4. When the applicant presents orders showing sales prices, a thorough check is made to determine whether the products can be manufactured for the prices at which it is represented they will be sold.

APPROVAL OR DISAPPROVAL.—The supervisor of permits reviews the application along with all accompanying data submitted, together with the inspector's report of all available information relating to the applicant.

After determining the fitness of the applicant and whether or not he is entitled to the confidence of the Government, the supervisor either approves or disapproves the application.

If approved, the permit is issued authorizing the specific things which may be done under such permit.

RIGHT OF APPEAL.—When an application is disapproved, the applicant has the right of an early hearing to show cause why the permit should be issued. In the event the issuance of permit is denied by the supervisor of permits or by the Commissioner of Industrial Alcohol after a hearing has been held, the applicant has further recourse to the equity courts.

Laboratory and Inspection Work

Government officers who supervise the operations of industrial alcohol plants, denaturing plants, distillery, general, and special bonded warehouses, bonded wineries, fruit distilleries, and other major permissive operations are selected with extreme care. A high standard of requirements is maintained for this group of personnel.

Chemists in the laboratory section of the technical division of the Bureau of Industrial Alcohol perform a very important inspection service both before and after the issuance of certain classes of permits.

All formulas for the manufacture of medicinal preparations, food products, sirups, and many other articles, in the manufacture of which intoxicating liquors are used, must pass the tests of the Washington laboratory before permits for their production are issued.

Private formulas for preparations to be manufactured with pure or denatured alcohol are also reviewed and

passed upon by the technical division before permits are issued by supervisors of permits for withdrawals of alcohol.

In its last analysis, the whole purpose of the laboratory and inspection service is to see that the Government's interests are fully protected and to render every assistance to the honest permittee in properly conducting his business. In both these aspects of permit control the public is vitally interested.

Location of Laboratories

In addition to the laboratory located in the Treasury Department, Washington, D. C., laboratories are located in permissive districts as shown below:

District 1—Federal Building, Providence, R. I.

District 2—539 Old Post Office Building, New York, N. Y.; 531 Post Office Building, Buffalo, N. Y.; Post Office Building, San Juan, Porto Rico.

District 3—Gimbel Building, Philadelphia, Pa.; Plaza Building, Pittsburgh, Pa.; 559 Industrial Building, 1060 South Broad Street, Newark, N. J.

District 4—Fort McHenry, Baltimore, Md.; Mint Building, Charlotte, N. C.

District 5—Customhouse, New Orleans, La.; 402 Federal Building, Dallas, Tex.

District 6—1234 Cincinnati Enquirer Building, Cincinnati, Ohio; tenth floor, Barlum Tower, Detroit, Mich.

District 7—Transportation Building, Chicago, Ill.

District 8—317 Post Office Building, Omaha, Nebr.; College of Pharmacy, University of Minnesota, Minneapolis, Minn.

District 9—1012 Title Guaranty Building, St. Louis, Mo.

District 11—547 Brownstein-Louis Building, Los Angeles, Calif.; 63 Appraisers Building, San Francisco, Calif.

District 12—Thompson Building, Seattle, Wash.

Quota Limits Production

Basic permits issued authorizing the manufacture of alcohol, whisky, rum, and brandy limit the amount of such spirits that may be produced annually.

The system of limiting production was put into effect January 1, 1928, with respect to alcohol.

The manufacture of whisky, rum, and brandy for medicinal use, which was resumed in 1930, is also limited to the amount which the commissioner considers will be required during a calendar year, four years hence. This is due to the requirement that distilled spirits shall be aged four years before being bottled in bond.

The control policy of the Government provides only for legitimate needs, with a reasonable surplus to obviate price manipulation.

Each industrial alcohol, whisky, rum, or brandy distillery is allotted its proportionate share of the total quantity permitted to be manufactured.

Adjustments are made during each calendar year to meet unforeseen conditions, if the evidence presented by a permittee shows that an increase in the allotted quota is necessary to meet the demands of legitimate users.

The quota policy has prevented a large surplus of alcohol and distilled spirits and lessened the danger of diversion to illicit channels.

Concentration Warehouses

Increased efficiency in direct supervision of the storage of distilled spirits and a decrease in expense has

been accomplished by reducing the number of warehouses in which liquor may be stored.

The concentration of liquors in a limited number of warehouses was authorized by an act of Congress of February 17, 1922. Prior to the passage of the act distilled spirits were stored in more than 300 warehouses scattered throughout the United States.

All such spirits are now stored in 25 warehouses, of which number 20 are designated as concentration warehouses. Three distillery bonded warehouses and two general bonded warehouses have not been so designated, but the spirits stored therein are as well protected as those in concentration warehouses.

This reduction in the number of warehouses has enabled the bureau to maintain a maximum of efficiency in direct supervision and protection at a minimum of expense, thereby making diversion of distilled spirits practically impossible. In designating a warehouse as a concentration warehouse, safety from diversion and theft receive first consideration.

Prior to the passage of the concentration act adequate supervision and protection of bonded spirits was not possible with the limited number of storekeeper-gaugers and other officers available for the work. In those earlier years the insecurity of many warehouses invited diversion by theft, sometimes through collusion with bootleggers by dishonest permittees.

Supervision Over 177,000 Permittees

A glance at the table below enables the reader to visualize the magnitude of the work devolving upon the bureau with respect to active permits. Each permit involves detailed office procedure.

There are approximately 177,000 active permits authorizing many different classes of business using alcohol or other intoxicating liquor. The business carried on under each of these permits requires careful supervision by the Bureau of Industrial Alcohol.

The business operations of permittees, whose business is on a large scale, are under personal supervision of well-trained and experienced officers of the inspection service, while the business transactions of permittees of certain other classes are supervised through periodic and special inspections.

During the year officers operating under the direction of the commissioner average more than 700 technical inspections of distilleries, cereal-beverage plants, industrial-alcohol plants, denaturing plants, and wineries.

Permits of all classes

Number of permits in force June 30, 1931:

A. Permits, to manufacturers, bonded warehouses, and free warehouses.....	401
B. Permits, wholesale druggists.....	255
C. Permits, to transfer.....	475
D. Permits, to import and use.....	15
E. Permits, to import and sell.....	41
F. Permits, to export alcohol only to places other than Canada, Mexico, West Indies, and other near-by islands.....	14
G. Permits, to export alcohol to Canada, Mexico, West Indies, and other near-by islands and other liquors to any destination.....	65
H. Permits, to use intoxicating liquors in the manufacture of preparations unfit for beverage use and for experimental purposes.....	22, 541
I. Permits, to use and sell.....	19, 675

Number of permits in force June 30, 1931—Continued

J. Permits, for physicians to prescribe and use....	87, 623
K. Permits, to manufacture vinegar and procure intoxicating liquor for conversion into same....	441
L. Permits, to operate dealcoholizing plants.....	180
M. Permits, to use sirups and extracts for manufacturing soft drinks (issued only in special cases).....	-----
N. Permits, to procure medicated alcohol in quantities exceeding 1 pint.....	6
O. Permits, to rectify.....	-----
P. Permits, to receive and possess for storage in bond and sell from concentration.....	60
Q. Permits, hospitals.....	2, 829
R. Permits, to produce mash for the purpose of producing yeast, after which residue is to be destroyed.....	7
S. Permits, to procure wine for ritualistic purposes..	94
T. Permits, to dentists, veterinarians, optometrists, osteopaths, chiropractors, chiropodists, spineologists, to use alcohol, and to dentists to administer liquor ¹	33, 472
Special permits, cases not covered by above classes..	86
To operate industrial alcohol plants.....	50
To operate industrial alcohol bonded warehouses....	68
To operate denaturing plants.....	54
To Bonded dealers in specially denatured alcohol...	69
To manufacturers to use specially denatured alcohol..	3, 835
Tax-free alcohol.....	5, 525
Total.....	177, 881

The Government as a Lien Holder

Liens on industrial alcohol plants and bonded warehouses, including the land on which situated, are created by the national prohibition act.

¹ Since Apr. 1, 1931, permits to dentists, chiropodists, veterinarians, optometrists, osteopaths, chiropractors, spineologists to use alcohol, and to dentists to administer liquor, have been prefaced by the letter "T."

Liens on distilleries, distillery warehouses and apparatus, and the land on which located are created by the Revised Statutes.

Taxes imposed by the law upon alcohol and distilled spirits attach to such products as soon as they come into existence.

All proprietors or owners of alcohol plants and bonded warehouses, together with every person interested in a distillery or distillery apparatus, are jointly and severally liable for taxes imposed by law on alcohol and distilled spirits produced or stored and for any assessments made on distilled spirits.

Taxes due are a first lien on alcohol and distilled spirits, the buildings in which produced or stored, all apparatus in such buildings, and the land on which the premises are situated.

Liens on distilleries and distillery warehouses are subject to discharge under the provisions of section 902, internal revenue act of 1928:

1. When the lands and buildings are no longer used for distilling purposes.
2. When there is no outstanding liability for taxes or penalties.
3. When no litigation is pending involving any such tax or penalty.

However, there is no provision in existing law for the discharge of a lien created on industrial alcohol plants. In case of forfeiture of premises, the title becomes vested in the United States, free of all encumbrances.

The Government often acquires important liens on premises, and in some cases premises are forfeited to the United States. Hence the necessity for rigid regulations requiring accurate description of premises and

grounds in all applications for permits to operate alcohol plants and distilleries.

The regulations require that the application shall be accompanied by necessary legal papers and documents executed according to State and other laws. These documents give the United States Government a prior lien on such premises, should it become necessary to exercise lien privileges for taxes, and a clear lien and title in case of forfeiture of the land and premises of industrial alcohol plants.

Provision is made in the regulations that in cases where it appears that it is impracticable for the proprietor of an industrial alcohol plant to procure consent of the owner, a judgment creditor, or other lien holder the commissioner may waive such requirement and accept a maximum indemnity bond of \$50,000.

Permit Bonds

The commissioner has power to prescribe the form of all permits and to require a bond to insure compliance with their provisions.

WHEN BONDS ARE REQUIRED.—All basic permits, unless otherwise specifically provided, shall be supported by a bond or bonds.

While there is a minimum and a maximum amount prescribed for permit bonds, the amount of such bonds is computed on distilled spirits on the basis of \$4.20 per proof gallon, or wine gallon when below proof, and 25 cents for each wine gallon of other liquor allowed under the permit to be possessed at any one time.

The bonds required in the various classes of permits are shown in this table.

Penal Sum of Bonds

Classes of permits	Mini- mum	Maxi- mum
To establish industrial alcohol plant and bonded warehouse.....		\$150,000
To establish industrial alcohol plant and denaturing plant.....		150,000
To operate industrial alcohol plant.....	\$10,000	100,000
To operate bonded warehouse.....	10,000	100,000
To operate denaturing plant.....	10,000	100,000
To operate industrial alcohol plant, bonded warehouse, and denaturing plant.....		200,000
Experimental operation on small scale.....		10,000
Dealer in specially denatured alcohol.....	10,000	100,000
Manufacturer using denatured alcohol.....	500	50,000
Permit bond for a single establishment.....	500	50,000
Distillery containing products of a single distiller.....		100,000
Bonded warehouse containing products of a single distiller.....		100,000
Consolidation warehouse containing products of different distilleries.....		150,000
Concentration warehouse containing products of different distilleries.....		150,000
To operate two consolidation or concentration warehouses containing products of different distilleries.....		225,000
Each additional establishment not exceeding five.....		75,000
Each establishment in excess of five.....		50,000
Cereal beverage plant.....	10,000	50,000
Carriers.....	5,000	25,000
Transportation by truck.....		5,000
Vinegar or cider plant (not including those using specially denatured alcohol).....		1,000
Yeast manufacturing plant.....		2,000
Blanket bonds for more than one location.....		50,000
Blanket bonds for more than one class of privileges.....		100,000
Single bonded winery or single bonded storeroom.....	500	50,000
Two or more bonded wineries or bonded storerooms.....		100,000

SECURITIES BY WHICH BONDS ARE SECURED

Corporate surety.

Personal sureties.

Collateral security:

1. Government notes or bonds.

2. Cash.

SURETY RELIEVED OF LIABILITY

The surety may be relieved of continuing liability 60 days after notifying the principal and the supervisor of permits, upon the condition that the principal substitutes another bond, otherwise the liability continues until accounting has been made for all liquor on hand.

RELEASE OF BONDS

Bonds may be released as to future liability:

1. When permits supported by bond have been terminated and lawful disposition has been made of all liquors obtained under the permits.

2. When satisfactory security is furnished to cover any bond dependent on bond to be released.

When Bonds are not Required

Except in specific cases bonds will not be required by persons applying for the following classes of basic permits:

1. To export alcohol to places other than Canada, Mexico, the West Indies and other near-by islands.

2. Permits to physicians.

3. To authorize use of wine for ritualistic purposes.

4. To dentists, veterinarians, optometrists, osteopaths, chiropractors, chiroprudists, and spineologists to use alcohol.

5. To use alcohol in industrial or other establishments in the treatment of employees in emergencies.

6. To use intoxicating liquor in a hospital or sanatorium (except a hospital or sanatorium engaged in the treatment of persons suffering from alcoholism).

7. To procure alcoholic preparations mentioned in sections 1117 and 1119-b, Regulations 2, in quantities greater than specified in such sections.

8. To use not exceeding 60 wine gallons of alcohol, wine, or other liquor (except distilled spirits other than alcohol), or any or all of them, per annum; and to sell on prescription, not exceeding 480 pints, per annum, of bottled-in-bond spirits in original containers not exceeding 1 pint capacity each; and to sell, instead of use, of the above alcohol and wine allowance not to exceed 5 gallons of alcohol and 55 wine gallons of wine per annum:

(Provided, That not more than 2 pints of the above mentioned bottled-in-bond spirits may be used in any calendar month in compounding prescriptions in accordance with the provisions of sections 1613 and 1614, Regulations 2.)

The quantities which may be possessed at any one time under a permit issued without bond shall not exceed 15 wine gallons in the aggregate of alcohol, wine, or other liquors (except distilled spirits other than alcohol), and 120 pints of bottled-in-bond spirits.

9. To distiller to sell spirits stored in a concentration warehouse which were produced by him. If, however, the distiller is also a concentration warehouseman, he must, of course, have a "P" permit and support the same by appropriate bond. An extension "P" permittee is not required to file bond to support his permit.

10. To use tax-free alcohol, by State or Territory or municipal subdivision thereof, or by the District of Columbia.

11. To use specially denatured alcohol where the quantity of alcohol involved does not exceed 5 wine gallons during a 30-day period.

Revocation of Permits

PERMITS MAY BE REVOKED BY—

1. Supervisor of permits.
2. Commissioner of Industrial Alcohol.

SOME OF THE GROUNDS FOR REVOCATION OF PERMITS ARE—

1. Fraud, deceit, concealment, or misrepresentation used to obtain permit.
2. Failure in good faith to conform to the provisions of the national prohibition act as amended and supplemented.
3. Failure to observe and comply with requirements of regulations.
4. Failure to observe and perform the terms and conditions of permit.
5. Making, or attempting to make, a transfer of permit privileges to another person.
6. Failure to keep required records or to allow inspection.
7. Failure to observe and comply with the requirements of internal revenue and other laws relating to any of the operations under permit.
8. Failure to return a permit for correction when requested to do so by the commissioner or supervisor.
9. Violation of a State law relating to intoxicating liquors.

Citation for Revocation and Hearing

Whenever the commissioner or supervisor has reason to believe that a permit has been violated, revocation proceedings are initiated.

An order is issued citing the permittee to appear at a hearing at a specified time. The citation contains a statement of the unlawful acts committed and the grounds upon which a revocation of the permit will be sought.

The evidence introduced at a revocation hearing on behalf of the Government or the permittee may consist of affidavits, depositions, duly authenticated copies of records and documents, and oral testimony of witnesses. Unless waived by both parties, a stenographic record shall be made of the testimony and proceedings.

Within a reasonable time after the hearing the bureau official presiding at the hearing renders written findings in which he states briefly the issues of fact involved in the hearing, his conclusions from the evidence adduced, and a summary of the evidence offered. He immediately transmits his findings, together with the original transcript of the record, to the supervisor of permits or Commissioner of Industrial Alcohol, as the case may be, for action, pursuant to the provisions of section 515 of Regulations No. 2.

The commissioner or supervisor issues an order revoking the permit or dismissing the proceedings, and a copy of the order is furnished the permittee.

Right of Appeal

Within 20 days after an order is made revoking a permit the permittee may file with the supervisor or commissioner, as the case may be, an application for reconsideration of such order, giving reasons therefor. A hearing may be held by the supervisor or commissioner, as the case may be; or the application may be referred by the supervisor to a board of review, to consist of not more than three persons, designated by him.

If referred to a board of review the supervisor will, after the recommendation of the board of review has been made, affirm the order of revocation previously made, dismiss the proceedings, or order a new hearing.

APPEAL TO THE COMMISSIONER.—In order to insure uniformity of administrative action, the commissioner may, in his discretion, entertain an appeal from a final order of revocation by a supervisor, if filed with the commissioner within 10 days from the date of the order.

COURT OF EQUITY.—The powers of the commissioner in granting and revoking permits are broad, but in case an application is disapproved or a permit revoked the applicant or permittee may have the proceeding reviewed in a court of equity.

Concerning the relative power of the commissioner and the courts, the Supreme Court ruled, in the case of *Ma-King Products Company v. Blair*, 271 U. S. 479, as follows:

On the other hand, it is clear that Congress, in providing that an adverse decision of the commissioner might be reviewed in a court of equity, did not undertake to vest in the court the administrative function of determining whether or not the permit should be granted; but that this provision is to be construed, in the light of the well-established rule in analogous cases, as merely giving the court authority to determine whether, upon the facts and laws, the action of the commissioner is based upon an error of law or is wholly unsupported by the evidence or clearly arbitrary or capricious.

Penalties for Violations

Nonpayment of special tax: Fine, not more than \$1,000; imprisonment, not more than 1 year.

Evading payment of tax on beverages: Fine, not more than \$1,000; regular tax and double such tax; imprisonment, not more than two years.

Violation of wine laws by evading payment of tax: Fine, not more than \$5,000; double tax; and forfeiture of spirits; imprisonment, not more than five years.

Brewer or wholesale or retail dealer in malt liquors, carrying on business without payment of special tax: Fine, \$10 to \$500.

Rectifier, wholesale or retail liquor dealer, wholesale or retail dealer in malt liquors, or manufacturer of stills, carrying on business without payment of special tax, or a distiller carrying on business without giving bond, with intent to defraud the United States of taxes: Fine, \$100 to \$5,000, and forfeiture of property; imprisonment, 30 days to 2 years.

Adding substances to create fictitious proof: Fine, \$100 to \$1,000; imprisonment, three months to two years.

Distiller defrauding United States of tax: Fine, \$500 to \$5,000 and forfeiture of distillery and spirits; imprisonment, six months to three years.

Evading payment of tax on distilled spirits: Fine, double the tax.

Failure to register still: Fine, \$100 to \$1,000; forfeiture of still and other property; penalty, \$500; imprisonment, one month to two years.

Setting up still without permit: Fine, \$500 and forfeiture of still.

Operating distillery without giving bond or with intent to defraud: Fine, \$1,000 to \$5,000 and forfeiture of property, etc.; imprisonment, six months to two years.

Producing mash, wort, and vinegar at other than an authorized distillery: Fine, \$500 to \$5,000; imprisonment, six months to two years.

Unstamped packages of distilled spirits found: Fine, forfeiture of spirits.

Removal, concealment, etc., of spirits contrary to law: Fine, \$200 to \$5,000; penalty, double tax; imprisonment, three months to three years.

Spirits unlawfully removed from distillery: Fine, forfeiture of spirits.

Failure of rectifiers and wholesale dealers to keep books and records: Fine, \$100 to \$5,000; penalty, \$100; imprisonment, three months to three years.

Failure to furnish transcripts of books as required: Fine, \$100.

Failure to make, brand, and stamp spirits by rectifier or wholesale liquor dealer: Fine, \$200 to \$1,000.

Failure to efface stamps from empty casks: Fine, casks forfeited to United States.

Failure to efface stamps with intent to defraud: Fine, \$500 to \$10,000; imprisonment, one to five years.

Removal of spirits from distillery before sunrise and after sunset: Fine, \$100 for each cask, barrel, or package removed; spirits forfeited.

Failure to keep distillery accessible: Fine, \$500.

Obstructing officer entering distillery: Fine, not more than \$1,000.

Not admitting officer to distillery: Fine, not more than \$1,000.

Distillers, rectifiers, wholesale liquor dealers omitting things required and doing things prohibited: Fine, \$1,000 and forfeiture of spirits owned.

Failure to deposit spirits in general bonded warehouse: Fine, \$100 to \$5,000 and forfeiture of spirits to United States; imprisonment, three months to three years.

Refusal to pay, collect, and account for taxes, etc.: Fine, in addition to other penalties, a fine of not more than \$10,000; imprisonment, not more than one year.

Failure to pay, collect, and account for taxes: Fine, not more than \$1,000.

Unlawful recovery of brandy from fortified wines:
Fine, not more than \$5,000 and forfeiture of spirits; imprisonment, not more than five years.

Liquor Producers and Sellers

Distilled spirits are produced at—

1. Industrial alcohol plants.
2. Distilleries.

Fermented liquors are produced at—

1. Dealcoholizing plants.
2. Fruit distilleries.
3. Industrial alcohol plants.
4. Vinegar plants using the vaporizing process.
5. Bonded wineries.

Liquors are sold at wholesale by—

1. Manufacturers.
2. Wholesale druggists.
3. Importers.

Liquors are sold at retail by—

1. Druggists.
2. Pharmacists.

Alcohol Used Professionally

Alcohol is used professionally by:

1. Physicians.
2. Dentists.
3. Veterinarians.
4. Optometrists.
5. Osteopaths.
6. Chiropractors.
7. Chiropodists.
8. Spineologists.
9. Other agencies—
 - (a) Hospitals.
 - (b) Sanitariums.

- (c) Clinics.
- (d) Infirmarys.
- (e) Dispensaries.
- (f) First-aid stations.
- (g) Laboratories for scientific research.
- (h) Visiting nurses' associations.
- (i) United States or any governmental agency thereof.
- (j) States and Territories and municipal subdivisions thereof and the District of Columbia.

Fortification of Wines

WINES THAT MAY BE FORTIFIED:

- Natural wine.
- Pure sweet wine.

SPIRITS THAT MAY BE USED TO FORTIFY WINE:

- Grape brandy (which includes wine spirits).
- Tax-paid ethyl alcohol.

WINES MAY BE FORTIFIED BY—

- Producer, on premises where made.

SWEETENING AGENTS USED BEFORE FORTIFICATION IN—

- Natural wine (cane, beet, or dextrous sugar).
- Pure sweet wine (boiled or condensed grape must, grape or beet sugar, pure dextrous sugar), any or all of above.

PURPOSES FOR WHICH WINES MAY BE PRODUCED:

1. Medicinal use.
2. Sacramental use.
3. Distilling material in the manufacture of brandy and alcohol.
4. Export for nonbeverage purposes.
5. Manufacture of dealcoholized wines or nonintoxicating beverages.

6. For the manufacture of vinegar.
7. For use of the United States.
8. For food and other culinary purposes.
9. For other general nonbeverage uses.

Tax-free Liquors

ALCOHOL USED BY—

- The United States or any Government agency thereof.
- A State, Territory, the District of Columbia, or municipal subdivision thereof.
- A scientific university or college of learning.
- A laboratory for use exclusively in scientific research.
- A hospital or sanitarium.

DENATURED ALCOHOL:

Alcohol used in the arts and industries, for fuel, light and power, when denatured so as to make it unfit for use as an intoxicating beverage.

POTABLE DISTILLED SPIRITS:

Distilled spirits used by the United States.
 Grape brandy used in fortifying wines subsequently used for the manufacture of vinegar or dealcoholized wines.

Still wines:

- For use by United States or United States Government agency.
- For use by dealcoholizing plant for manufacture of dealcoholized wine or nonintoxicating beverages.

For the manufacture of vinegar.
 For exportation.
 For use as distilling material.

Champagne,
 Sparkling wine,
 Artificial carbonated wine:

For export or for use by United States or any United States Government agency.

Tax Rates on Liquors Sold Legally

	Per proof gallon (or wine gallon when below proof)
Distilled spirits:	
Alcohol.....	\$1.10
Brandy (includes wine spirits).....	1.10
Brandy (used in fortifying wine).....	.10
Gin.....	1.10
Rum.....	1.10
Whisky.....	1.10

Fermented liquors:

	Per wine gallon
Wines—	
Still wines, dry and sweet, including vermouth—	
Containing not more than 14 per cent alcohol.....	\$0.04
Containing more than 14 per cent and not exceeding 21 per cent of alcohol.....	.10
Containing more than 21 per cent and not exceeding 24 per cent alcohol.....	.25
Containing more than 24 per cent alcohol.....	1.10

	Per one-half pint or fraction
Artificially carbonated wine.....	\$0.06
Champagne.....	.12
Sparkling wine.....	.12

Stamp Taxes

(Paid by affixing stamps on packages)

	Value of stamp
On each package of distilled spirits or fermented liquor exported.....	\$0.10
On each case of distilled spirits bottled in bond.....	.10
The payment of taxes on alcohol and wine is shown by affixing stamps to packages.	
All stamps are procured from collectors of internal revenue.	

Occupational Taxes

(Paid by special tax stamps)	Per special tax year
Rectifiers (less than 500 barrels a year)-----	\$100
Rectifiers (500 barrels or more)-----	200
Wholesale liquor dealers-----	100
Retail liquor dealers-----	25
Wholesale dealer in malt liquors-----	50
Retail dealer in malt liquors-----	20
Manufacturer of stills-----	50
Each still or worm manufactured-----	20

GLOSSARY

ABSOLUTE ALCOHOL.—The highest degree of proof is 200, which is absolute alcohol (ethyl), or 100 per cent alcohol by volume.

ALCOHOL.—That substance known as ethyl (pure) alcohol, hydrated oxide of ethyl, or spirit of wine, from whatever source or process produced, having a proof of 160° or more, and does not include the substances known as whisky, brandy, rum, or gin.

ALCOHOL PROOF.—Alcohol as generally produced ranges from 188° to 192° proof.

ARTIFICIALLY CARBONATED WINE.—Effervescent wine carbonated or charged with carbon dioxide.

BASIC PERMIT.—A permit authorizing generally the transaction of business of the nature described or modified for special circumstances and conditions.

CEREAL BEVERAGE.—A light malt liquid often called "near-beer," having an alcoholic strength of less than one-half of 1 per cent by volume.

CHAMPAGNE OR SPARKLING WINE.—Effervescent wines charged with carbon dioxide, resulting from secondary fermentation of the wine within the bottle.

COLOGNE SPIRITS.—A very pure rectified spirit.

COMPLETELY DENATURED ALCOHOL.—Ethyl alcohol to which there has been added denaturants of such a nature

that the denatured product may be sold and used within certain limitations without permit and bond. Its chief use is as an antifreeze in automobile radiators.

DENATURED ALCOHOL.—Ethyl alcohol to which has been added such denaturing materials as render the alcohol unfit for use as an intoxicating beverage. Denatured alcohol is free of Government tax and is solely for use in the arts and industry.

DISTILLED SPIRITS.—Spirits produced by distillation—that is, by evaporation and condensation—becoming ethyl alcohol or hydrated oxide of ethyl.

DRY WINE.—Unfortified wine.

ETHANOL.—Scientific term for ethyl (pure) alcohol.

ETHYL ALCOHOL.—Alcohol produced in its pure state. It is generally manufactured from blackstrap molasses, grain, or ethylene gas.

FERMENTED LIQUOR.—Any substance which has been fermented into a liquor or liquid containing one-half of 1 per cent or more of alcohol by volume.

FORTIFIED WINE.—Wine fortified with grape brandy or ethyl alcohol.

GRAPE BRANDY.—The product resulting from distillation of grape juice, to which water may have been added prior to, during, or after fermentation, for the sole purpose of facilitating fermentation and economical distillation. It is held to include the product from grapes or their residues commonly known as grape brandy, and includes commercial grape brandy which may have been colored with burnt sugar or caramel.

HIGH WINES.—The first product of distillation produced below 160° of proof and withdrawn from the cistern room above 110° of proof and is marked or branded "high wines."

INDUSTRIAL ALCOHOL.—High-proof distilled spirits used in the manufacturing industries and for mechanical and scientific purposes.

INTOXICATING LIQUOR.—Any liquid containing one-half of 1 per cent or more of alcohol by volume, fit for use as an intoxicating beverage.

NATURAL WINE.—A product made from the normal alcoholic fermentation of the juice of sound ripe grapes.

PERMIT.—A formal written authorization by a supervisor of permits or the commissioner, setting forth specifically the things that are authorized.

PROOF GALLON.—A wine or liquid gallon containing 50 per cent of absolute alcohol of 100 proof distilled spirits.

REGULATION.—Any regulation prescribed jointly by the Secretary of the Treasury and the Attorney General for the purpose of carrying out the provisions of the prohibition reorganization act and the national prohibition act, as amended and supplemented, relating to permits.

SPECIALLY DENATURED ALCOHOL.—Ethyl alcohol so treated with denaturants as to permit its use in a large number of specialized arts and industries. It is sold and used pursuant to permit and bond. It is used in manufacturing thousands of products that are considered modern everyday necessities.

STILL WINE.—Noneffervescent wine. It includes both dry and sweet wine.

SWEET WINE.—Fortified wine.

TAX GALLON.—A gallon of 100 proof spirits.

TAX-PAID ALCOHOL.—Ethyl (pure) alcohol, released from bond and sold under Government permit, for medicinal, scientific, or other lawful uses, with the full Government tax of \$1.10 per proof gallon paid on all withdrawn.

WHISKY, BRANDY, AND RUM.—Products of distillation which, by reason of the material used and the method of distillation employed, are differentiated in various form of potable spirits. These liquors are marked or branded with the names known to the trade as "whisky," "brandy," "rum," provided that no distilled spirits produced from material other than grain shall be marked or branded "whisky," unless the word "whisky" is preceded by the word "imitation."

WINE GALLON.—A measure of quantity (231 cubic inches) of any proof.

WINE GALLON OF 190 PROOF SPIRITS.—Equal to 1.9 proof, or 1.9 tax, gallons.

WINE SPIRITS.—The product resulting from distillation of fermented grape juice and includes grape brandy.



MSH 24389

308

3

Permit

Box 335

Procedure

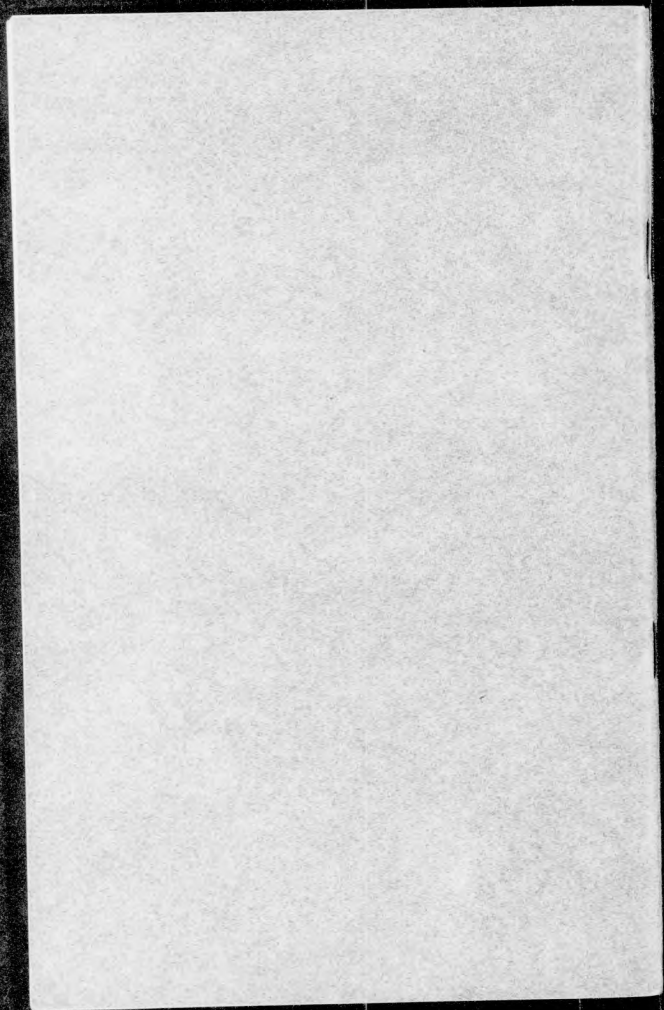
FEB 5

1935

Chas. Swan.

This book is due two weeks from the last date stamped below, and if not returned at or before that time a fine of five cents a day will be incurred.

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**END OF
TITLE**